AV 4 IT-US
XR AV 11
04797
AV 9 IT-US

OUTGOING TELEGRAM Department of State

DECLASSIFIED

INDICATE: ☐ COLLECT
☐ CHARGE TO

LIMITED OFFICIAL USE

Classification

FOR C/T USE ONLY

DEPARTMENT OF STATE A/CDC/MR JUN 8 10 00 AM '66
REVIEWED BY [illegible] DATE 25 MAY 1988
RDS☐ or XDS☐ EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☐
RELEASE PERI. ☐☐
PA or FOI EXEMPTIONS

Origin
Info:

ACTION: CIRCULAR 2425
Addressee Posts listed below.
Also to NAIROBI FOR USDEL

CIRCAIR - 2425

CIVAIR.

SUBJECT: Italian Denunciation of US-Italian Air Transport Services Agreement.

On June 1, 1966 Italian Government notified Amembassy Rome of its intention terminate bilateral Air Transport Services Agreement of February 6, 1948, as amended. Article 9 of Agreement provides that Agreement terminates one year after date of receipt of notice to terminate unless by agreement between parties denunciation notice is withdrawn. Italian notification expressed hope that it would be possible to arrange new agreement with USG before present Agreement expires.

Brief press release issued by Italy stated that QUOTE denunciation made for technical considerations deriving from necessity of placing on up-to-date basis existing air transport relations between two countries which 1948 Agreement has shown itself by now to be inadequate to regulate. UNQUOTE. Dept did not issue press release and no inquiries made re Italian denunciation at regular press briefings. US press coverage of denunciation limited to brief report in New York Times and to trade periodicals.

For your background information, Italy has been considering denunciation of 1948 Agreement for some time, because it feels Agreement is unbalanced in

MICROFILMED BY S/R 3

Drafted by: AN:ECRodriguez:vlv 6/7/66
Clearances: TT - Mr. Loy FEL

Telegraphic transmission and classification approved by: AN:HTSnowdon
WE - Mr. Givan
CAB - Mr. Watson (in sub)

REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

LIMITED OFFICIAL USE

DECLASSIFIED

Classification

FORM DS-322 8-63

LIMITED OFFICIAL USE
DECLASSIFIED

favor of US and because Italy wants introduce controls on capacity increases of US carriers. USG does not consider Agreement unbalanced because economic benefits derived by US and Italian carriers respectively from rights conferred under Agreement are substantially in equilibrium. Moreover, USG cannot accept capacity controls desired by Italy. In previous consultations the two countries had not been able to negotiate mutually acceptable revisions.

Precipitating factor for denunciation may have been proposal of Seaboard World Airlines, in accordance with newly-revised certificate, to commence operations to Italy on June 1. Italian authorities may have felt that Seaboard services would increase all-cargo capacity offered between US and Italy above level Italy considers acceptable. Italian denunciation came somewhat as surprise because Italian Government acknowledged Seaboard designation without expressing any objection to introduction of third US carrier into market, but merely indicated that it could only authorize five weekly all-cargo frequencies for American carriers. (TWA is presently operating three weekly all-cargo frequencies and PAA has scheduled two frequencies but suspended operation of second frequency in November 1965.) Although Amembassy Rome informed Italy that such a unilateral restriction was in USG opinion inconsistent with 1948 Agreement, USG was not proposing to exceed number of frequencies which Italy considered acceptable without first having further discussions with Italian authorities. Italy has subsequently confirmed it will not oppose Seaboard entry into Italy so long as aggregate number of all-cargo frequencies by US carriers remains at five per week.

DECLASSIFIED

DECLASSIFIED
LIMITED OFFICIAL USE
Classification

If inquiries received, addressee posts may draw on above information and indicate USG expects negotiations for new Agreement will be undertaken with Italy during course of year.

END

BY TELEGRAM

BONN
LISBON
LONDON
MADRID
NAIROBI
PARIS
ROME

BY POUCH

ATHENS
BANGKOK
BEIRUT
BERNE
BUENOS AIRES
CANBERRA
CARACAS
COPENHAGEN
THE HAGUE
LAGOS
LIMA
MANILA
MEXICO CITY
NEW DELHI
OSLO
RIO DE JANEIRO
SAIGON
SANTIAGO
STOCKHOLM
TOKYO
VIENNA

BALL

DECLASSIFIED
LIMITED OFFICIAL USE
Classification